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# Supreme Court of the United States

OCTOBER TERM, 1962 3

No. [redacted] 75

ARO MANUFACTURING CO., INC., ET AL.,
PETITIONERS,

*v.*

CONVERTIBLE TOP REPLACEMENT CO., INC.,
RESPONDENT.

---

PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE FIRST CIRCUIT
AND
MOTION FOR LEAVE TO USE RECORD IN
365 U. S. 336

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## INDEX


| | Page |
|---|---|
| Motion for Leave to Use Record in 365 U.S. 336 | 1 |
| Citations to Opinions Below | 2 |
| Jurisdiction | 3 |
| Questions Presented | 3 |
| Statement Under Rule 33(2)(b) | 6 |
| Constitutional Provision Involved | 6 |
| Statutory Provisions Involved | 6 |
| Federal Rules of Civil Procedure Involved | 6 |
| Statement | 7 |
| Reasons for Granting the Writ | 13 |
| Conclusion | 27 |
| Appendix A | 1a |
| Appendix B | 1b |


### CITATIONS

*Cases*


| | |
|---|---|
| *Altvater* v. *Freeman*, 319 U.S. 359 | 27 |
| *Amalgamated Dental Co.* v. *William Getz Corp.*, 90 U.S.P.Q. 339 | 19 |
| *Anderson* v. *Atherton*, 302 U.S. 643 | 20 |
| *Aro Mfg. Co.* v. *Convertible Top Co.*, 365 U.S. 336 | 1, 2, 3, 7, 9, 11, 14, 15, 16, 19, 20 |
| 365 U.S. 890 | 7 |
| *B. & O. R.R. Co.* v. *United States*, 279 U.S. 781 | 25 |
| *B.B. Chemical Co.* v. *Ellis*, 314 U.S. 495 | 15 |
| *Bell & Howell Co.* v. *Bliss*, 262 Fed. 131 | 22 |
| *Bemis Bag Co.* v. *United States*, 289 U.S. 28 | 26 |
| *Carbice Corp.* v. *American Patents Dev. Co.*, 283 U.S. 27 | 14, 15, 16, 23 |
| *Clapper* v. *Original Tractor Cab Co.*, 270 F.2d 616 | 25 |
| *Conley* v. *Gibson*, 355 U.S. 41 | 24 |
| *Cover* v. *Schwartz*, 133 F.2d 541 | 27 |

Page

*Dairy Foods, Inc.* v. *Dairy Maid Products Cooperative*, 297 F.2d 805 25
*Dann* v. *Studebaker-Packard Corp.*, 288 F.2d 201 24
*Dictograph Products Co.* v. *Sonotone Corp.*, 230 F.2d 131 21
*Dr. Salsbury's Laboratories* v. *I.D. Russell Co.*, 212 F.2d 414 20
*Elec. Fittings Corp.* v. *Thomas & Betts Co.*, 307 U.S. 241 8, 27
*Fanchon & Marco, Inc.* v. *Paramount Pictures*, 202 F.2d 731 24
*Farmer* v. *Arabian American Oil Co.*, 285 F.2d 720 24
*Foman* v. *Davis*, 371 U.S. 178 24
*Frank Adam Elec. Co.* v. *Westinghouse Elec. Mfg. Co.*, 146 F.2d 165 22
*Hartford Empire Co.* v. *United States*, 323 U.S. 386 10
*Hawkins* v. *Frick-Reid Supply Corp.*, 154 F.2d 88 24
*Henry* v. *A.B. Dick Co.*, 224 U.S. 1 15
*Hill* v. *Wooster*, 132 U.S. 693 20
*International Salt Co.* v. *United States*, 332 U.S. 392 15
*Jaffke* v. *Dunham*, 352 U.S. 280 20
*Jones* v. *Ingling*, 303 F.2d 438 24
*Kansas City, St. L. & C. R.R. Co.* v. *Alton R.R. Co.*, 124 F.2d 780 24
*Katz* v. *Horni Signal Mfg. Corp.*, 145 F.2d 961 21, 27
*Keiser* v. *Walsh*, 118 F.2d 13 24
*Kobe, Inc.* v. *Dempsey Pump Co.*, 198 F.2d 416 25
*Langnes* v. *Green*, 282 U.S. 531 20
*Leitch Mfg. Co.* v. *Barber Co.*, 302 U.S. 458 14
*Libby-Owens-Ford Glass Co.* v. *Sylvania Industrial Corp.*, 154 F.2d 814 22, 26
*Mercoid Corp.* v. *Mid-Continent Co.*, 320 U.S. 661 9, 11, 15, 16, 17, 18, 19, 20, 21, 25, 26
*Mercoid Corp.* v. *Minneapolis-Honeywell Co.*, 320 U.S. 680 9, 15

Page

*Morton Salt Co.* v. *G.S. Suppiger Co.*, 314 U.S. 488 15, 23
*Motion Picture Patents Co.* v. *Universal Film Mfg. Co.*, 243 U.S. 502 14, 15, 16, 23
*N.A.A.C.P.* v. *Alabama*, 360 U.S. 240 14
*Neff* v. *Western Cooperative Hatcheries*, 241 F.2d 357 24
*Pope Mfg. Co.* v. *Gormully*, 144 U.S. 224 23
*Precision Co.* v. *Automotive Co.*, 324 U.S. 806 23
*Ring* v. *Spina*, 148 F.2d 647, 166 F.2d 546 24
*Sibbald* v. *United States*, 12 Pet. 488 14
*Stiegele* v. *J.M. Moore Import-Export Co.*, 136 U.S. P.Q. 230 22
*Switzer Bros., Inc.* v. *Locklin*, 297 F.2d 39 20, 25
*Thompson* v. *Boisselier*, 114 U.S. 1 20
*Timken Roller Bearing Co.* v. *United States*, 341 U.S. 593 10
*Tinnerman Products, Inc.* v. *George K. Garrett Co.*, 292 F.2d 137 21
*United States* v. *American Ry. Exp. Co.*, 265 U.S. 425 21
*United States* v. *Loew's, Inc.*, 371 U.S. 38 15
*United States* v. *Univis Lens Co.*, 316 U.S. 241 10
*United States* v. *U.S. Smelting Co.*, 339 U.S. 186 21
*Whittaker* v. *Wall*, 226 F.2d 868 24

*Constitutional Provisions*

U.S. Const., art. I, § 8 5, 6
art. III 14

*Statutes*

Clayton Act, 38 Stat. 730, as amended, 15 U.S.C. 12 *et seq.*:
Sections 3, 4, 7 6, 4b
Sherman Act, 26 Stat. 209, as amended, 15 U.S.C. 1 *et seq.*:
Sections 1, 2, 3, 8 6, 3b
28 U.S.C. § 451 6

| | Page |
|---|---|
| 28 U.S.C. § 2403 | 6 |
| 35 U.S.C. §§ 100-104, 111-122, 131-135 | 19 |
| 35 U.S.C. § 112 | 6, 18, 1b-2b |
| 35 U.S.C. § 154 | 16 |
| 35 U.S.C. § 271 | 4, 5, 6, 11, 16, 19, 20, 1b |
| 35 U.S.C. § 282 | 6, 2b |

*Federal Rules of Civil Procedure*

| | |
|---|---|
| Rule 8 | 6-7, 12, 25 |
| Rule 54(c) | 5, 7, 12, 24, 25, 26 |

*Miscellaneous*

| | |
|---|---|
| *Aro Mfg. Co.* v. *Convertible Top Co.*, 365 U.S. 336: | |
| Brief for Respondent, pp. 73-76 | 7 |
| Respondent's Petition for Limited Rehearing or Alternative Motion for Amendment or Clarification of Opinion | 7 |
| *Chafee, Some Problems of Equity* 55-61, 100 (1950) | 23 |
| *Hearings Before Subcommittee No. 3 of the House Committee on the Judiciary on H.R. 3760*, 82d Cong., 1st Sess., Ser. 9 155-56 | 20 |
| *Moore and Vestal*, MOORE'S MANUAL-FEDERAL PRACTICE AND PROCEDURE § 25.03[8] (1962) | 25 |
| SUP. CT. R. 33(2)(b) | 6 |

# Supreme Court of the United States

OCTOBER TERM, 1962

No.

ARO MANUFACTURING CO., INC., ET AL.,
PETITIONERS,

*v.*

CONVERTIBLE TOP REPLACEMENT CO., INC.,
RESPONDENT.

**Motion for Leave to Use Record in 365 U.S. 336**

Petitioners, Aro Mfg. Co., Inc., et. al. respectfully move for leave to use the record in *Aro Mfg. Co.* v. *Convertible Top Co.*, 365 U.S. 336. The fact that volumes I and II of that record were part of the printed record before the court below was certified by the Clerk of the court below on page 74 of the Certified Copy of Record Appendices and Proceedings in the court below to and including December 26, 1962. The questions presented in the instant petition relate largely to circumstances established by the record before the Court in 365 U. S. 336.

Respectfully submitted,

DAVID WOLF
CHARLES HIEKEN
*Counsel for petitioners.*

PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE FIRST CIRCUIT

Aro Manufacturing Co., Inc., et al.[1] pray that a Writ of Certiorari issue to review the judgment of the United States Court of Appeals for the First Circuit, entered in the above-entitled case on December 13, 1962.

## Citations to Opinions Below

The District Court entered judgment without opinion following remand from this Court, 365 U.S. 336. The opinion of the Court of Appeals printed in Appendix A hereto, *infra* 1a-11a, is reported in F.2d , 136 U. S. P. Q. 9.

The opinion of the District Court (R. 33-41)[2] incorporated by reference in the interlocutory judgment (R. 42-44) is reported in 119 U. S. P. Q. 122. The opinion of the Court of Appeals (R. 647-55) affirming that interlocutory

[1] John R. Hamlin, George Shapiro, Harold Shapiro, Mae Shapiro and Marshall Shapiro.

[2] The printed record to which reference is made in this petition includes three volumes previously before the Court in No. 21 O.T. 1960, 365 U.S. 336. Volumes I, II and III contain pp. 1-403, 405-622 and 623-656, respectively. Reference to these three volumes is by "R.". The printed record also includes a record appendix to respondent's brief as appellant below embracing pp. 1-3, a separately bound record appendix to the brief which petitioners filed as appellees below embracing pp. 5-65 and a record appendix to their brief as appellants below embracing pp. 67-70. Pages 1-3 and 67-70 have been reprinted and inserted in each of the nine copies of the separately bound record appendix filed with this petition. Reference to these record appendices is by "RA.".

judgment is reported in 270 F.2d 200, 122 U. S. P. Q. 536. The opinion of the District Court denying respondent's motion to supplement the pleadings and modify the order of reference to the Master (RA. 38-40) is reported at 123 U. S.P.Q. 340.

## Jurisdiction

The judgment of the Court of Appeals was entered on December 13, 1962. The jurisdiction of this Court is invoked under 28 U. S. C. Section 1254 (1).

## Questions Presented

This Court reversed the interlocutory judgment of the Court of Appeals. *Aro Mfg. Co.* v. *Convertible Top Co.*, 365 U. S. 336. The Court of Appeals construed the mandate of this Court as not reversing this prior Court of Appeals judgment *in toto* and reinstated a portion of that prior judgment. That prior reversed judgment had ordered an accounting and enjoined petitioners from making, selling and installing unpatented fabrics to replace spent ones in both Ford and General Motors convertibles having automatic folding top assemblies covered by respondent's combination patent.

Upon remand directly from this Court the District Court entered final judgment dismissing respondent's complaint for patent infringement with prejudice and petitioners' counterclaim seeking declaratory and general relief without prejudice. In vacating that final judgment, the Court of Appeals distinguished between General Motors and Ford cars and concluded that petitioners' liability for selling unpatented replacement fabrics for Ford cars depended upon the interpretation of a private agreement between

respondent's assignor and Ford. Ford there promised to pay for a release from liability for patent infringement arising from the manufacture, use and sale of Ford convertibles embodying respondent's combination patent, but respondent's assignor expressly retained and exercised the right to license the manufacture, use and sale of the unpatented replacement fabrics.

The questions presented are:

1. Whether the Court of Appeals could reinstate a portion of its judgment reversed by this Court and confer patent monopoly over some unpatented replacement fabrics when the Court stated:

> No element, not itself separately patented, that constitutes one of the elements of a combination patent is entitled to patent monopoly however essential it may be to the patented combination, and no matter how costly or difficult replacement may be.

2. Whether the owner of a Ford Motor Company car could be sued under 35 U.S.C. § 271 for direct infringement (and petitioners for contributory infringement) of the combination patent because he replaced the spent unpatented fabric without the patentee's consent.

3. Whether a private agreement releasing owners of Ford convertibles from liability for infringement of the combination patent, but expressly retaining the right to license the manufacture, use and sale of the unpatented replacement fabrics, authorizes the patentee to thereafter exercise patent monopoly over any of those unpatented replacement fabrics.

4. Whether the Court of Appeals could ignore respondent's inequitable conduct which would have served as an independent basis in support of the final judgment of the District Court favorable to petitioners because the Court of Appeals concluded that the defense of misuse had not been presented in the prior appeal from the interlocutory judgment when the record was supplemented with material not in the record on the prior appeal from the interlocutory judgment and showed that respondent's formation and acquisition of just a Massachusetts territorial grant in one of two combination patents was for the purpose of suing the Massachusetts petitioners as part of agreeing, combining and conspiring to illegally restrain trade in unpatented replacement fabrics.

5. Whether the construction of Section 271(c) by the Court of Appeals conferring patent monopoly over the unpatented replacement fabrics for Ford Motor Company cars is authorized by Article I, Section 8 of the Constitution when the fabric element itself is not the discovery of an inventor.

6. Whether a final judgment can include an advisory finding, not relevant to deciding the case or controversy between the parties, that the patent is valid.

7. Whether FED. R. CIV. P. 54(c) requires that a final judgment shall grant the relief of recovery of treble damages to which the prevailing petitioners in this patent infringement suit are entitled under the antitrust laws when the petitioners alleged improper restraint of commerce through extension of the patent monopoly in their answer and counterclaim but without a specific request for treble damages.

## Statement Under Rule 33(2)(b)

Since the proceeding draws into question the constitutionality of 35 U.S.C. § 271 (c) as construed by the Court of Appeals, an Act of Congress affecting the public interest, and neither the United States nor any agency, officer or employee thereof is a party, it is noted that 28 U.S.C. § 2403 may be applicable.

No court of the United States as defined by 28 U.S.C. § 451 has, pursuant to 28 U.S.C. § 2403, certified to the Attorney General the fact that the constitutionality of such Act of Congress has been drawn in question.

## Constitutional Provision Involved

The Congress shall have Power . . . To promote the Progress of Science and useful Arts by securing for limited Times to Authors and Inventors, the exclusive Right to their respective Writings and Discoveries. U. S. Const, art. 1, § 8.

## Statutory Provisions Involved

The statutory provisions involved are 35 U.S.C. Sections 112, 271 and 282 of the patent laws and 15 U.S.C. Sections 1-3, 7, 14, 15 and 18 of the antitrust laws. 69 Stat. 282 (1955), 64 Stat. 1125 (1950), 26 Stat. 209 (1890), 38 Stat. 730 (1914). They are printed insofar as pertinent in Appendix B, *infra*, pp. 1b-4b.

## Federal Rules of Civil Procedure Involved

Rule 8(a), (f):

(a) Claims for Relief. A pleading which sets forth a claim for relief shall contain . . . a short and plain state-

ment of the claim showing that the pleader is entitled to relief, and a demand for judgment for the relief to which he deems himself entitled . . . .

(f) All pleadings shall be so construed as to do substantial justice.

Rule 54(c):

(c) . . . Except as to a party against whom a judgment is entered by default every final judgment shall grant the relief to which the party in whose favor it is rendered is entitled, even if the party has not demanded such relief in his pleadings.

## Statement

On February 27, 1961 the Court held, without distinguishing between Ford and General Motors cars, that petitioners' manufacture, installation and sale of unpatented fabrics to replace spent fabrics in convertible automobiles embodying respondent's combination patent neither infringed nor contributorily infringed respondent's rights in its Massachusetts Territorial Grant under the combination patent.[3] Respondent then filed a petition for rehearing or alternative motion for amendment or clarification of opinion, urging the Court to revise or clarify its opinion so as to confer patent monopoly over those fabrics sold for Ford cars (RA. 57-58).[4] This petition or motion was denied on April 17, 1961.[5] The Court then remanded the case to the District Court for further proceedings in conformity with the opinion of the Court and awarded costs in this Court to petitioners (RA. 7).

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[3] 365 U.S. 336.

[4] *Id.*, Respondent's Petition for Limited Rehearing or Alternative Motion for Amendment or Clarification of Opinion. The same contention was asserted in respondent's brief on the merits. *Id.*, Brief for Respondent pp. 73-76 (RA. 57).

[5] 365 U.S. 890.

On August 29, 1961, the District Court entered final judgment holding the patent valid, not infringed or contributorily infringed, dismissing respondent's complaint with costs to petitioners and dismissing defendants' counterclaim without costs (RA. 8-9). The judgment did not include a conclusion sought by the petitioners that the record then before the court required granting relief to the petitioners for the harm caused by respondent's antitrust law violations in restraining trade in unpatented replacement fabrics (RA. 8, 69-70). Questions arising under the patent and antitrust laws served as a basis for invoking the jurisdiction of the District Court.

On February 16, 1962 the District Court entered an amended final judgment removing the finding of validity from the final judgment [6] and expressly stating that the dismissal of petitioners' counterclaim was without prejudice (RA. 2-3). Respondent appealed from the refusal of the District Court to confer patent monopoly over the unpatented fabrics for replacing spent ones in Ford Motor Company cars, and petitioners cross-appealed from the refusal of the District Court to grant relief to the petitioners for harm caused by the respondent's antitrust law violations in restraining trade in unpatented replacement fabrics (RA. 8, 69-70) established by the record.

On June 28, 1962 respondent moved to strike petitioners' entire record appendix (RA. 5-65) to their brief as appellees, related largely to respondent's inequitable conduct and antitrust law violations, and portions of their briefs both as appellees and appellants "as constituting matters unnecessary to and not properly in the record for purposes of these appeals." [7] Respondent argued that stipulations,

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[6] We relied on *Elec. Fittings Corp.* v. *Thomas & Betts Co.*, 307 U.S. 241 (1939) in support of removing the finding of validity (RA. 61).

[7] CERTIFIED COPY of Record Appendices and Proceedings in the Court of Appeals to and including December 26, 1962, hereafter designated "CR.", pp. 75-80.

testimony under oath and exhibits introduced into evidence before the special master related to the accounting conducted during the fall of 1959 after the initial affirmance of the interlocutory judgment by the Court of Appeals and before this Court granted certiorari was not of record. Respondent's motion was denied on June 29, 1962 with leave to renew the motion in its brief, at the oral argument, or upon taxation of costs (CR. 81). Respondent never renewed its motion to strike.

On December 13, 1962 the Court of Appeals vacated the judgment of the District Court and said:

> The puzzling question is whether the Supreme Court in reversing this court intended to reverse *in toto* or only to reverse insofar as replacement tops for General Motors cars were concerned.
>
> What the Court said in its opinion gives us little help. What it did not say, however, seems to us to indicate that it was not deciding the question of contributory infringement with respect to unlicensed Ford cars. *Infra* 8a.

The Court of Appeals appears to have concluded that since the original owner of the patent, General Motors, had not licensed the Ford car owner to use the whole patented combination, the patentee's consent was also required to replace the spent fabric and to use the replaced unpatented fabric element, citing six lower court decisions, the most recent one decided four years before *Mercoid*.[8]

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[8] *Mercoid Corp.* v. *Mid-Continent Co.*, 320 U.S. 661; *Mercoid Corp.* v. *Minneapolis-Honeywell Co.*, 320 U.S. 680 (1944). The six lower court decisions are cited *infra* 9a n.5. The only decisions of the Court, other than *Aro*, cited by the court below relate to the patentee's right to exclude both manufacture and use of the patented product, *infra* 9a n.4, as distinguished from the patentee's right to patent monopoly over an unpatented element of a patented combination treated in *Mercoid* and *Aro*.

The Court of Appeals concluded

> that our previous decision in this case was not reversed insofar as unlicensed Ford cars are concerned. *Infra* 10a-11a.

The Court of Appeals also indicated that the extent of petitioners' liability depended upon a private agreement between respondent's assignor and Ford.[9] This agreement was not available to petitioners until after respondent commenced this action.

Petitioners had urged three grounds in support of the District Court judgment in their favor: (1) When this Court wants to affirm in part and reverse in part, or modify, the Court says so.[10] In reversing the judgment of the Court of Appeals enjoining defendants from selling unpatented replacement fabrics for both Ford cars and General Motors cars and ordering an accounting to assess damages for past sales of both Ford and General Motors replacement fabrics, the mandate of the Court ordered the District Court to conform further proceedings with the opinion of the Court. Conferring patent monopoly over the unpatented replacement fabrics for installation in Ford cars is inconsistent with the opinion stating that no element not itself separately patented is entitled to pa ent monopoly

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[9] The court below made reference to a critical date under this agreement between respondent's assignor and Ford (R. 510-13). Ford agreed to pay $73,000. in exchange for a release from liability for infringement of two convertible automobile automatic folding top combination patents arising from manufacture, use and sale of Ford convertibles. Respondent's assignor retained the right to license the manufacture, use and sale of the unpatented replacement fabrics under both combination patents. *Infra* 8a n.3, (R. 512).

[10] We cited *Hartford Empire Co.* v. *United States*, 323 U.S. 386, 435 (1945); *United States v. Univis Lens Co.*, 316 U.S. 241, 254 (1942); and *Timken Roller Bearing Co.* v. *United States*, 341 U.S. 593, 601 (1951) as examples of the Court's disposition of cases where the judgment is reversed in part and affirmed in part.

and pointing out that the basic fallacy in respondent's position is that it requires ascribing to one element of the patented combination the status of patented invention in itself. Neither this portion of the opinion of the Court [11] nor *Mercoid* was discussed by the Court of Appeals.

(2). To construe 35 U.S.C. § 271(c) as conferring patent monopoly over the unpatented replacement fabrics for Ford cars is an unconstitutional construction of the statute because the exclusive right for a limited time which the Constitution authorizes Congress to grant is limited to the discovery of an inventor. The unpatented fabric element is not the discovery of an inventor.

(3). The conduct of respondent and its assignor apparent in the record, including misusing two convertible automobile mechanism combination patents to restrain trade in unpatented replacement fabrics, and other inequitable conduct, did not meet the high standards of conduct required of one seeking to enforce the privilege of a patent in a federal court. Additional evidence of inequitable conduct entered the record after the Court of Appeals affirmed the interlocutory judgment. This additional evidence was therefore not in that record on appeal or previously before the Court.

The Court of Appeals did not mention the constitutional problem. It refused to consider the issue of respondent's inequitable conduct on this appeal from the final judgment because it concluded that misuse was not raised in the prior appeal from the interlocutory judgment. *Infra* 11*a*.

Without discussing whether the record supported petitioners' assertion that respondent, its assignor and its assignor's licensees had agreed, combined and conspired to restrain trade in a not insubstantial volume of unpatented replacement fabrics and harmed petitioners, the

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[11] 365 U.S. at 344-45.

Court of Appeals said that the short answer to petitioners' claim as appellants below for relief under FED. R. CIV. P. 54(c) for antitrust law violations was that petitioners had never pleaded a cause of action under the antitrust laws. *Infra* 11a.

Petitioners had alleged in their answer and counterclaim that respondent's assignor was a party to at least one licensing agreement "improperly extending the scope of the claimed subject matter" of the patent in suit and "has thereby misused said patent and has improperly restrained commerce." (RA. 10-11). The counterclaim included a specific prayer for a declaration that the patent had been misused (RA. 67) and a general prayer for relief (R. 12) but did not include an explicit request for treble damages.

The Court of Appeals acknowledged that FED. R. CIV. P. 54(c), providing that every final judgment shall grant the relief to which the party in whose favor it is rendered is entitled, even if the party has not demanded such relief in his pleadings, should be construed broadly to grant a prevailing party substantial justice. *Infra* 12a. But it thought that rule should not be so liberally construed as to conflict with the pleading requirements set forth in FED. R. CIV. P. 8(a) and affirmed that portion of the judgment of the District Court dismissing petitioners' counterclaim without prejudice.

Ten days after the Court of Appeals had entered its judgment on the first appeal (R. 656) affirming the interlocutory judgment of the District Court, respondent's assignor assigned the remaining rights in the United States in the combination patent in suit to respondent (RA. 28-29). Respondent then moved to supplement its pleading to state that it was now the owner of all the rights in the patent in suit, and asked for an order directing that the Master need not segregate damages between Massachusetts

and the rest of the United States (RA. 33). In denying that motion,[12] the District Court said:

> While I do not believe the record is in appropriate condition to pass upon all of defendants' present alarms and possible excursions, I am not at all satisfied with plaintiff's ingenuous-appearing explanations [RA. 33-34] as to why it is attempting to increase its bets now that its horse is out in front, and the race, in all probability, over (RA. 38-39).

## Reasons for Granting the Writ

1. It has long been thought to be a fundamental principle of appellate procedure that if an intermediate Court of Appeals affirms a trial court judgment enjoining defendants from doing A and B and ordering the defendants to account for doing A and B in the past and the Supreme Court reverses that judgment, the defendants cannot be enjoined from and need not account for doing A or B when the case is remanded by the Supreme Court directly back to the trial court. The interlocutory judgment affirmed by the Court of Appeals enjoined petitioners from selling the unpatented replacement fabrics for both General Motors and Ford cars and ordered the defendants to account for past sales of both Ford and General Motors replacement fabrics (R. 33, 42-44, 123, 648). This Court reversed that judgment. If the Court of Appeals is permitted to reinstate a portion of its prior judgment that this Court had reversed, it confers patent monopoly over

[12] Petitioners had again urged that respondent's inequitable conduct barred it from maintaining this infringement action in opposing that motion and respondent's motion (RA. 35) for entry of a perpetual injunction prohibiting petitioners from selling unpatented replacement fabrics in Massachusetts. The accounting record (RA. 26-33, 35-37, 40-56) had not yet been established.

certain unpatented replacement fabrics. And conferring patent monopoly over any kind of unpatented replacement fabric is inconsistent with the mandate of this Court directing conformity with the opinion of the Court stating,

> No element, not itself separately patented, that constitutes one of the elements of a combination patent is entitled to patent monopoly, however essential it may be to the patented combination and no matter how difficult or costly replacement may be. 365 U.S. at 345.

Any case where a lower court fails to follow the mandate of this Court is one which requires review and correction to instill in lower courts the understanding that the powers vested in this Court under Article III of the Constitution as the highest appellate court necessarily create duties in the lower courts to follow the mandates of this Court. The Court of Appeals was foreclosed from re-examining the grounds of the Court's disposition because respondent's rights to patent monopoly over both Ford and General Motors fabrics were before the Court and finally disposed of. *N.A.A.C.P.* v. *Alabama*, 360 U.S. 240, 244-45 (1959); *Sibbald* v. *United States*, 12 Pet. 488, 492 (1838).

2. Review and correction are of special importance in this case to maintain the integrity of the relationship between the patent laws and antitrust laws expressed in the decisions of this Court for more than 45 years and approved by Congress that the patent monopoly is limited to the scope of the patent claims for the term of the patent grant.[13] And the legality of any attempt to bring unpat-

[13] *Motion Picture Patents Co.* v. *Universal Film Mfg. Co.*, 243 U.S. 502 (1917); *Carbice Corp.* v. *American Patents Dev. Co.*, 283 U.S. 27 (1931); *Leitch Mfg. Co.* v. *Barber Co.*, 302 U.S. 458 (1938);

ented goods within the scope of the patent monopoly is measured by the antitrust laws, not the patent laws. [14]

Ever since *Motion Picture Patents Co.* v. *Universal Film Co.*, 243 U.S. 502 (1917) overruled *Henry* v. *A. B. Dick Co.*, 224 U.S. 1 (1912) this Court has consistently held that the patent monopoly cannot be extended by the patentee to demand that the user of the patented invention purchase unpatented materials necessary for practicing the patented invention from a source designated by the patentee. The Court held in *Motion Picture Patents* that to permit the patentee to "derive its profit, not from the invention on which the law gives it a monopoly, but from the unpatented supplies with which it is used", is "wholly without the scope of the patent monopoly". [15]

*Carbice Corp.* v. *American Patents Dev. Corp.*, 283 U.S. 27 (1933) held that the doctrine of *Motion Picture Patents* is applicable even though the unpatented material over which the patentee-licensor has sought to extend his monopoly is a "necessary" or "dynamic" element of a patented combination.

Then in *Mercoid Corp.* v. *Mid-Continent Co.*, 320 U.S. 661 (1944) the Court held that the scope of the patent grant conferred upon the owner of a combination patent does not embrace an unpatented appliance, even though it is an essential part of the combination; and that one

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*Morton Salt Co.* v. *G. S. Suppiger Co.*, 314 U.S. 488; *B. B. Chemical Co.* v. *Ellis*, 314 U.S. 495 (1942); *Mercoid Corp.* v. *Mid-Continent Co.*, 320 U.S. 661; *Mercoid Corp.* v. *Minneapolis-Honeywell Co.*, 320 U.S. 680 (1944); *International Salt Co.* v. *United States*, 332 U.S. 392 (1947); *Aro Mfg. Co.* v. *Convertible Top Co.*, 365 U.S. 336 (1961). And the Court only recently said in *United States* v. *Loew's, Inc.*, 371 U.S. 38, 46 (1962), "These cases reflect a hositility to use of the statutorily-granted patent monopoly to extend the patentee's economic control to unpatented products. The patentee is protected as to his invention, but may not use his patent rights to exact tribute for other articles."

[14] *Mercoid Corp.* v. *Minneapolis-Honeywell Co.*, 320 U.S. 680, 684.

[15] 243 U.S. at 517.

who supplied such unpatented appliance, even though it was not a common article of commerce, was expressly designed for use in the patented combination, and was the "heart" or distinguishing feature which brought the combination up to the inventive level, might not be held as a contributory infringer. In his dissenting opinion Mr. Justice Roberts observed that the purchaser and user of the unpatented appliance for original installation in the patented combination did not infringe the combination patent by virtue of such use and installation of the unpatented element; therefore, one who sold to him could not be amerced for contributing to a non-existent infringement.[16]

If *Mercoid* forbids the patentee from exercising patent monopoly over an unpatented element for original installation in a patented combination *a fortiori Aro* should have left no doubt that the patentee has no right to patent monopoly over an unpatented element for replacing a spent one in the patented combination. To sanction such control would be to permit the patentee "to derive its profit, not from the invention on which the law gives it a monopoly, but from the unpatented supplies" necessary for its continued use or operation.[17]

We are unable to see a logical distinction between the unpatented dry ice block called the "dynamic" element of the patented combination in *Carbice*,[18] the unpatented thermostatic switch called the "heart of the invention" in *Mercoid*[19] and the unpatented replacement fabric called

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[16] 320 U.S. at 674. Nothing in the opinion of the Court indicates any disagreement with this fundamental proposition that the installation, use and sale of an unpatented element is not a "making", "use" or "sale" of the whole patented combination and therefore not an infringement of the combination patent grant. 35 U.S.C. §§ 154, 271(a).

[17] 243 U.S. at 517.

[18] 283 U.S. at 33.

[19] 320 U.S. at 667.

the "material part" of the patented combination in this case.

The instant case represents a graphic illustration of the evils of the extension of the patent monopoly. The Court of Appeals holds that petitioners have contributorily infringed by selling unpatented fabrics for replacing spent ones in Ford cars during a period depending upon the terms of a private agreement between respondent's assignor and Ford. It is true that respondent's assignor expressly reserved the right to derive additional profits from licensing the manufacture, use and sale of the unpatented replacement fabrics (R. 512). But if there is anything that the Court made clear in *Mercoid*, it is that the combination patent monopoly cannot be expanded by contract to cloak an unpatented element of the combination with protection as effective as if a patent had been issued on that element. Nothing in the Constitution or the patent laws authorizes private business to function as its own patent office, impose its own laws upon its licensees and obtain an equitable decree recognizing the existence of monopoly rights obtained by private agreement in what letters patent alone may grant. As the Court recognized,

> Such a vast power "to multiply monopolies" at the will of the patentee . . . would carve out exceptions to the anti-trust laws which Congress has not sanctioned.[20]

The apparent recognition by the Court below of a private agreement between Ford and respondent's assignor as having any relevance to the scope of the combination patent monopoly is also inconsistent with this portion of the opinion of the Court in *Mercoid*. As in its prior opinion

[20] *Ibid.*

(R. 647-55), the Court of Appeals again refused to even mention *Mercoid*. *Infra* 1a-12a.

3. The instant case is of great importance in determining the rights of all types of part manufacturers and dealers who make and sell unpatented parts especially designed for installation and use in patented combinations. For if the court below is correct in concluding that the supplier of an unpatented replacement element is a contributory infringer, then the supplier of the original unpatented element is *a fortiori* liable for contributory infringement. But that result is squarely in conflict with the basic holding in *Mercoid*.

A businessman ought to be able to rely on what the publicly available patent document claims is patented in deciding whether he must obtain the patentee's consent before he can make and sell an element for installation in a patented machine without being subjected to the constantly overhanging threat of a suit for patent infringement for the sale of an unpatented article. And if the court below is correct in concluding that the outcome of the suit depends upon the construction of a private agreement between the patentee and the manufacturer of the patented machine first revealed to the seller of the unpatented element in an infringement suit brought by the patentee, few small businessmen would risk selling such unpatented devices which never were and never could be the subject of a patent. If the decision of the Court of Appeals is allowed to stand, the value of the patent claims in letting businessmen know when they infringe is seriously impaired.

4. This case is of importance in reminding all applicants for patents that the statute requires the applicant to particularly point out and distinctly claim the subject matter which he regards as his invention. 35 U.S.C. § 112. The statute requires examination of each application, 35

U.S.C. §§ 131-135, by Patent Office technically and legally qualified experts for compliance with formal requirements, 35 U.S.C. §§ 111-122, and standards of patentability, 35 U.S.C. 100-104, before a patent is granted. 35 U.S.C. § 131. The construction of the contributory infringement provisions of § 271 by the court below as extending the coverage of a combination patent to embrace one of the separate elements in the combination that the patentee never claimed in the application or patent as the invention is inconsistent with the statutory requirements for distinctly claiming the alleged invention and subjecting it to examination by the Patent Office experts.

By this construction the patentee's right to an additional monopoly in such an unpatented element is determined by a judge in a federal court without the benefit of an independent evalution of its patentability by the Patent Office. The result is a further expansion of the area of uncertainty which surrounds the scope of every one of the hundreds of combination patents issued each week so that increased litigation may be expected while making it easier for the combination patentee to specify the sources for unpatented "material" parts used in patented combinations. The combination patentee will no doubt classify each unpatented element of the patented combination with significant market potential as a "material" part. Nothing in the language of the statute, its legislative history[21]

[21] The legislative history shows that the purpose of the contributory infringement provisions was to resolve doubts in those who thought language in *Mercoid* might have obliterated contributory infringement. The statute codified existing law. Some of this history appears at 365 U.S. at 347-49 nn. 2-4 (concurring opinion of MR. JUSTICE BLACK).

A case of contributory infringement cited to Congress as proper under the statute was *Amalgamated Dental Co.* v. *William Getz Corp.*, 90 U.S.P.Q. 339 (N.D. Ill. 1951). But there the patented combination was a mixture of four chemicals, constituting the material part of the invention, dissolved in the fifth element of the patented combination, water, constituting the immaterial part of the invention. The contribu-

or the decisions of this Court support this unwarranted expansion of the combination patent monopoly.

5. Although the court below did not discuss the constitutional issue, we think that the construction by the court below is unconstitutional because the Constitution gives Congress the power to confer exclusive rights in only the discovery of the inventor. It has long been recognized that what is the discovery of an inventor is a constitutional standard.[22] Mr. Justice Jackson, dissenting in *Mercoid* said, "I see no constitutional or statutory authority for giving . . . [a combination patent] additional value by bringing into its monopoly all or any of the unpatentable parts."[23] The fabric element of respondent's combination patent is not the discovery of an inventor.[24]

6. It is a settled rule of law that an appellee may point to any portion of the record and urge any grounds in support of the judgment rendered in its favor below[25] and

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tory infringer sold the four dry chemicals in a package sold to dentists for dissolution in water to "make" the patented combination. *Hearings Before Subcommittee No. 3 of the House Committee on the Judiciary on H.R. 3760*, 82d Cong., 1st Sess., Ser. 9 155-56 (1951). It was made clear to the Subcommittee Members that the seller of a single one of these unpatented chemicals with full knowledge of its end use in the patented combination would not be liable as a contributory infringer. *Id.* 161-62. And the Eighth Circuit has so held where the patented combination was the single unpatented chemical dissolved in water and the unpatented chemical was sold by the alleged contributory infringer packaged with instructions to dissolve it in water to form the patented combination. *Dr. Salsbury's Laboratories* v. *I.D. Russell Co.*, 212 F.2d 414 (8th Cir.), *cert. denied*, 348 U.S. 837 (1954).

The Eighth Circuit Court of Appeals unanimously rejected the argument of the appellant that the provisions of section 271 overruled *Mercoid*. The Seventh Circuit Court of Appeals relied on *Aro* in reaching the same conclusion. *Switz Bros., Inc.* v. *Locklin*, 297 F.2d 39, 46 (7th Cir. 1961), *cert. denied*, 369 U.S. 851 (1962).

[22] *Hill* v. *Wooster*, 132 U.S. 693, 701 (1890); *Thompson* v. *Boisselier*, 114 U.S. 1, 11 (1885).

[23] 320 U.S. at 680.

[24] 365 U.S. at 361-62 (concurring opinion of MR. JUSTICE BLACK).

[25] *E.g.*, *Jaffke* v. *Dunham*, 352 U.S. 280 (1957); *Anderson* v. *Atherton*, 302 U.S. 643 (1937); *Langnes* v. *Green*, 282 U.S. 531,

even if it had not been raised before in a prior appeal from an interlocutory judgment.[26] Although the court below recognized that the issue of misuse had been briefed and argued on the prior appeal, it regarded the issue of misuse not fairly embraced in the questions presented. Whatever justification there may have been for the court below to consider misuse as not properly before it on that appeal from the interlocutory judgment that was reversed by this Court, its refusal to consider respondent's inequitable conduct on the present appeal from the final judgment rendered in petitioners' favor by the District Court is a complete departure from the accepted rule of appellate procedure that an appellee can urge any grounds in support of the judgment rendered in its favor below.

The refusal of the court below to consider misuse is inconsistent with the ruling of this Court in *Mercoid*.[27] There the Court ruled that the alleged contributory infringer selling the unpatented appliances for original installation in the patented combination could raise misuse as a defense for the first time in a second lawsuit between the patentee and this alleged contributory infringer although the alleged contributory infringer had allowed a prior suit which it defended against the patentee to reach final judgment without raising misuse. If a final judgment in a first lawsuit between the patentee and an alleged contributory infringer does not bar the alleged contributory infringer from raising the misuse defense in a second lawsuit, the

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538-39 (1931); *United States* v. *American Ry. Exp. Co.*, 265 U.S. 425, 435 (1924); *Tinnerman Products, Inc.* v. *George K. Garrett Co.*, 292 F.2d 137, 138-39 (3d Cir.), *cert. denied*, 368 U.S. 833 (1961); *Katz* v. *Horni Signal Mfg. Corp.*, 145 F.2d 961, 962 (2d Cir. 1944), *cert. denied*, 324 U.S. 882 (1945).

[26] *United States* v. *U.S. Smelting Co.*, 339 U.S. 186, 198-99 (1950); See *Dictograph Products Co.* v. *Sonotone Corp.*, 230 F.2d 131, 135-36 (2d Cir. 1956).

[27] 320 U.S. at 669-70.

petitioners here, who pleaded misuse as a defense, argued and briefed the defense on a first appeal from an interlocutory judgment that was reversed by this Court and urged the defense to the District Court as an alternate ground in support of the final judgment in its favor rendered by the District Court, surely have a right to have the Court of Appeals consider that defense as properly raised when urged in support of the judgment below.

Much evidence of misuse and other inequitable conduct first entered the record in accounting hearings conducted at the insistence of the respondent after the Court of Appeals had affirmed the interlocutory judgment.[28] The refusal of the court below to even consider this evidence as establishing misuse is in direct conflict with the decision of the Eighth Circuit Court of Appeals[29] holding that the policy of uncovering and preventing misuse of patents is so great that a court must on its own motion consider misuse whenever it learns of it in any way and refuse to enforce patent rights of a patentee engaged in misuse.

One of the most effective safeguards for vindicating the dominant public interest in the administration of the patent system has been the refusal of the courts to lend their aid to the enforcement of patent rights where the patents have

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[28] During the accounting respondent stipulated that its assignor's first replacement fabric manufacturer licensee (RA. 31) Atlas complained to its assignor that it was paying royalty while almost all others in the business were not. So after respondent had obtained an equitable decree from the District Court in December 1958 (R. 42-44), its assignor pressed other replacement fabric manufacturers to take licenses, "among other reasons to satisfy Atlas that its competition was paying also." (RA. 32).

[29] *Frank Adam Elec. Co.* v. *Westinghouse Elec. Mfg. Co.*, 146 F.2d 165, 167 (8th Cir. 1945). That case cites *Bell & Howell Co.* v. *Bliss*, 262 Fed. 131 (7th Cir. 1919) where the doctrine of unclean hands barred a patentee with an interest assigned by the real party in interest just to bring the suit from maintaining the suit. See *Libby-Owens-Ford Glass Co.* v. *Sylvania Industrial Corp.*, 154 F.2d 814 (2d Cir.), *cert. denied*, 328 U.S. 859 (1946). But *Cf. Stiegele* v. *J. M. Moore Import-Export Co., Inc.*, 136 U.S.P.Q. 230, 234 (2d Cir. 1963).

been misused to subvert public policy.[30] We believe that the court below failed to give adequate recognition in this case to the public importance of the misuse doctrine, and to applicable decisions of this Court. The result has been an unwarranted narrowing of the scope of the doctrine, with consequent erosion of the competitive policy underlying the doctrine's existence.

The doctrine of patent misuse is nothing more than an application of the equitable principle that he who would invoke equity must do equity.[31] This court has long required that the patentee seeking to enforce the privileges of a patent in federal courts be required to adhere to a high standard of conduct. *Precision Co.* v. *Automotive Co.*, 324 U.S. 806 (1945). That case held that the inequitable conduct of the patentee in an inter partes proceeding before the Patent Office seeking unlawfully broad patent coverage barred the patentee from maintaining a suit for infringement of the patented invention. The Court said that

> a patent is an exception to the general rule against monopolies and to the right to access to a free and open market. The far-reaching social and economic consequences of a patent, therefore, give the public a paramount interest in seeing that patent monopolies spring from backgrounds free from fraud or other inequitable conduct and that such monopolies are kept within their legitimate scope . . . . 324 U.S. at 816.

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[30] *Morton Salt Co.* v. *G.S. Suppiger Co.*, 314 U.S. 488, 494 (1942); see *Carbice Corp.* v. *American Patents Dev. Corp.*, 283 U.S. 27 (1931); *Motion Picture Patents Co.* v. *Universal Film Mfg. Co.*, 243 U.S. 502 (1917); *Pope Mfg. Co.* v. *Gormully*, 144 U.S. 224 (1892).

[31] For a discussion of the assimilation of the "clean hands" maxim to the maxim "He who seeks equity must do equity," particularly in relation to patent misuse, see *Chafee, Some Problems of Equity* 55-61, 100 (1950).

Accordingly, the respondent, engaged in an illegal restraint of trade in unpatented replacement fabrics, breaches the uncompromising duty of a patentee to keep patent monopolies within their legitimate scope. This breach of duty is aggravated here by using this respondent as a sword for the real parties in interest to bring this suit against only these petitioners while acting as a shield from liability (RA. 63) by leaving petitioners an assetless shell (RA. 58-59) incapable of even paying the costs assessed two years ago by this Court (RA. 7).

7. The refusal of the courts below to recognize that FED. R. CIV. P. 54(c) required that the final judgment give the petitioners the relief to which they are entitled based on the law applied to the facts of record, even though petitioners had not demanded such relief in their pleadings, is in conflict with the plain language of the rule, the policy of the rules in expediting the determination of substantive rights established by the record as opposed to avoiding and deferring the adjudication of substantive rights through reliance on the niceties of pleading,[32] and the interpretation of every other Court of Appeals that has interpreted Rule 54(c).[33] While most of these decisions deal

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[32] See *Foman* v. *Davis*, 371 U.S. 178, 181-82 (1962); *Conley* v. *Gibson*, 355 U.S. 41, 48 (1957).

[33] *Farmer* v. *Arabian American Oil Co.*, 285 F.2d 720, 722 n. 2 (2d Cir.), *cert. denied*, 364 U.S. 824 (1960); *Fanchon & Marco, Inc.* v. *Paramount Pictures*, 202 F.2d 731, 734 (2d Cir. 1953); *Ring* v. *Spina*, 148 F.2d 647, 653 (2d Cir. 1945), 166 F.2d 546, 549, *cert. denied*, 335 U.S. 813 (1948); *Hawkins* v. *Frick-Reid Supply Corp.*, 154 F.2d 88, 89 (5th Cir. 1946); *Dann* v. *Studebaker-Packard Corp.*, 288 F.2d 201, 216-17 nn. 48-51 (6th Cir. 1961); *Kansas City, St. L. & C. R.R. Co.* v. *Alton R.R. Co.*, 124 F.2d 780 (7th Cir. 1941); *Whittaker* v. *Wall*, 226 F.2d 868, 872 (8th Cir. 1955); *Jones* v. *Ingling*, 303 F.2d 438 (9th Cir. 1962); *Neff* v. *Western Cooperative Hatcheries*, 241 F.2d 357, 363 (10th Cir. 1957); *Keiser* v. *Walsh*, 118 F.2d 13, 14 (D.C. Cir. 1941).

After explaining that the provisions of Rule 54(c) apply to defending parties as well as claimants for relief, Professors Moore and Vestal summarized the provisions by saying, "In brief, it is the duty

with the right of a plaintiff to receive relief established by the record but not asked for in the complaint, neither the language of the rule nor the language of the interpreting courts of appeals suggests that its provisions are any less applicable to a counterclaiming defendant, or for that matter, a defendant who seeks no affirmative relief at all. The reliance of the court below on the pleading requirement in Rule 8(a), applicable at the time the pleading was filed, that the pleader state what relief he thinks he should get nullifies the purpose of Rule 54(c), applicable at the time of final judgment when the record has been established, that the relief which the pleader actually gets is what the court decides he is entitled to based on the law applied to the facts of record, even if the pleader didn't ask for that relief. It is apparent that the correct interpretation of these provisions is of importance to every federal court preparing to enter a final judgment.

Where, as here, the defendant is entitled under the law applied to the facts of record,[34] to a judgment holding the

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of the court to grant the relief to which a party is entitled regardless of the prayer for relief in the pleadings." *Moore and Vestal*, MOORE'S MANUAL—FEDERAL PRACTICE AND PROCEDURE § 25.03[8] (1962).

[34] The monopoly in the sale of certain unpatented replacement fabrics sought to be vested in licensees of respondent's assignor is a result logically indistinguishable from that condemned in *Mercoid* as a violation of the antitrust laws. While the record then before the Court in *Mercoid* did not establish damage to Mercoid, 320 U.S. at 671-72, the record now before the Court in the instant case shows that petitioners have been damaged at least to the extent of legal expenses in defending this suit (RA. 69). And every court of appeals faced with the question has decided that legal expenses incurred in defending a patent infringement suit brought in violation of the antitrust laws are trebled and awarded to the party sued. *Dairy Foods, Inc.* v. *Dairy Maid Products Cooperative*, 297 F.2d 805, 809 (7th Cir. 1961); *Switzer Bros., Inc.* v. *Locklin*, 297 F.2d 39, 47 (7th Cir. 1961), *cert. denied*, 369 U.S. 851 (1962); *Clapper* v. *Original Tractor Cab Co.*, 270 F.2d 616, 624 (7th Cir. 1959), *cert. denied*, 361 U.S. 967 (1960); *Kobe, Inc.* v. *Dempsey Pump Co.*, 198 F.2d 416, 424-26 (10th Cir.), *cert. denied*, 344 U.S. 837 (1952).

In *B. & O. R.R. Co.* v. *United States*, 279 U.S. 781, 786 (1929),

plaintiff liable for violation of the antitrust laws, carrying out the directions of Rule 54(c) advances the policy of the antitrust laws in promoting free competition in unpatented goods so that the public obtains goods with a high quality/price ratio free from the hidden taxes and restrictions on sources which combination patentees frequently seek. The threat of the private antitrust action for treble damages is probably the most effective deterrent to participation in antitrust law violations and the most persuasive argument for inducing antitrust law violators to accept a consent decree. If combination patentees realize that employing federal courts as an aid for restraining trade in unpatented goods will lead to liability for treble damages, the chances of other combination patentees repeating the illegal activities apparent in this record are greatly reduced.

The private antitrust action is thus a vital supplement to the limited resources at the disposal of the Government for enforcing compliance with the antitrust laws. The Government must necessarily concentrate most of its efforts in policing the large industries. Small industries must therefore depend primarily on the private antitrust action for eliminating antitrust law violations. The federal courts have a duty to help police small industries for antitrust law violations by awarding injured parties treble damages whenever an antitrust law violation apparent in the record is brought to the attention of the court prior

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the Court said, "And while the subject matter of the controversy and the parties are before the court, it has jurisdiction to enforce restitution and so far as possible correct what has been wrongfully done." In discussing the applicability of Rule 54(c) to a *Mercoid* fact situation Judge Frank explained that these provisions merely embodied previously established doctrine exemplified by *Bemis Bag Co.* v. *United States*, 289 U.S. 28, 34 (1933). *Libby-Owens-Ford Glass Co.* v. *Sylvania Industrial Corp.*, 154 F.2d 814, 823 (2d Cir.) (dissenting opinion), *cert denied*, 328 U.S. 859 (1946). The majority had dismissed the appeal as from a non-final order.

to final judgment. The courts below have breached this duty to the public by refusing to apply the antitrust laws to the facts of record in this case.

8. Since for any of the reasons advanced in support of the final judgment entered by the District Court, respondent is barred from maintaining an infringement action against petitioners, the validity of respondent's patent is a hypothetical question. The District Court correctly followed the decisions of this Court[35] in removing the finding of validity from the final judgment. The Court of Appeals could not reinstate the finding of validity without conflicting with the decisions of this Court unless respondent can maintain this infringement action. The instant case is therefore important in reminding all courts to refrain from deciding hypothetical questions.

## Conclusion

For the foregoing reasons, the petition for writ of certiorari should be granted.

Respectfully submitted,

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[35] *Elec. Fittings Corp.* v. *Thomas & Betts Co.*, 307 U.S. 241 (1939); *Altvater* v. *Freeman*, 319 U.S. 359, 363 (1943) explains that to hold a patent valid when it is not infringed is to decide a hypothetical question. To do so is unconstitutional. *Cower* v. *Schwartz*, 133 F.2d 541, 545-47 (2d Cir.), *cert. denied*, 319 U.S. 748 (1943). This point was explained in *Katz* v. *Horni Signal Mfg. Corp.*, 145 F.2d 961, 962 n. 4 (2d Cir. 1944), *cert. denied*, 324 U.S. 882 (1945). *Altvater* and *Katz* indicate that a judgment can hold a patent invalid when it is not infringed. The Constitution would not seem to prohibit a finding of invalidity which would serve as an alternate basis for the judgment in favor of the alleged infringer.

**Appendix A**

# United States Court of Appeals
## For the First Circuit

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No. 5991.

CONVERTIBLE TOP REPLACEMENT CO., INC.,

PLAINTIFF, APPELLANT,

*v.*

ARO MANUFACTURING CO., INC., ET AL.,

DEFENDANTS, APPELLEES.

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No. 5993.

ARO MANUFACTURING CO., INC., ET AL.,

DEFENDANTS, APPELLANTS,

*v.*

CONVERTIBLE TOP REPLACEMENT CO., INC.,

PLAINTIFF, APPELLEE.

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CROSS-APPEALS FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS.

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Before WOODBURY, *Chief Judge*, and HARTIGAN and ALDRICH, *Circuit Judges*.

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*Elliott I. Pollack*, with whom *Paul V. Power* was on brief, for Convertible Top Replacement Co.

*Charles Hieken*, with whom *David Wolf* and *Ezekiel Wolf*, *Wolf and Greenfield* were on brief, for Aro Manufacturing Co., Inc., et al.

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### OPINION OF THE COURT.

December 13, 1962.

WOODBURY, *Chief Judge*. Upon receipt of the mandate of the Supreme Court in *Aro Mfg. Co., Inc.* v. *Convertible Top Replacement Co., Inc.*, 365 U.S. 336 (1961), the court below after hearings entered a judgment which, as

amended, ordered, adjudged and decreed: (1) that by virtue of a territorial grant the plaintiff, Convertible Top Replacement Co., Inc., was possessed of the right, title and interest in the Mackie-Duluk patent No. 2,569,724 in the Commonwealth of Massachusetts, (2) that neither the corporate defendant, Aro Manufacturing Co., Inc., nor the individual defendants, either individually or as co-partners doing business as Aro Top Sales Company, had infringed claims 3, 4, 5, 7, 8, 9 and 10 of the above patent, (3) that the plaintiff's amended complaint be dismissed with costs to the defendant of $3,841.77 and (4) that the defendants' counterclaim for a declaratory judgment be dismissed without prejudice and without costs. In No. 5991 the plaintiff below as appellant here contends that this judgment is erroneous in that it fails to make any distinction between replacements of the fabric portions of convertible automobile tops for General Motors cars, which were licensed under the patent, and those for Ford cars, which were not, and in that it fails to order, adjudge and decree that the Mackie-Duluk patent is valid. In No. 5993 the defendants below as appellants here contend that the judgment is erroneous because it fails to award them such damages as they may be able to establish in future proceedings, plus attorney's fees, trebled, for antitrust law violation by the plaintiff. We shall consider the appeals in numerical order but to dispose of the respective contentions of the parties it will be helpful to review the judicial proceedings in this tortuous litigation.

It began in April, 1956, with a complaint, later amended, by Convertible Top Replacement Co., Inc., C.T.R. hereinafter, which charged the defendant, Aro Manufacturing Co., Inc., and its principal officers, hereinafter collectively Aro, with infringement and contributing to the infringement of U. S. Patent No. 2,569,724 issued on October 2, 1951, to Harry A. Mackie and Stanley Duluk for "Con-

vertible Folding Top with Automatic Seal at Rear Quarter" by making, selling and installing specially cut fabric tops for use in the patented structure. The defendants answered denying the basic allegations in the complaint, alleging patent misuse and specifically asserting that the patent is invalid and if valid not infringed. The defendants also filed a counterclaim for a declaratory judgment that the patent had been misused, that it was invalid and if valid not infringed. A defendant's motion for summary judgment based on affidavits and answers to interrogatories was denied and the case went to trial by the court sitting without a jury.

The district court after full hearing found that the plaintiff as assignee was entitled, by virtue of a territorial grant, to sue on the patent in Massachusetts, that the defendants had "clearly not made out" their claim that the plaintiff had misused its patent and that the the defendants had not established their basic defense of invalidity.[1]

The court then turned to the question of infringement which it said had two aspects. Referring to the established fact that General Motors Corp. was licensed under the Mackie-Duluk patent while Ford Motor Co. was not, the court said: "As to the former, defendants are protected if their fabrics are to be regarded as mere repair, and not reconstruction. As to the latter, defendants have no protection against a claim for contributory infringement under § 271(c) if they made a material part, with knowledge that it was to be used in a patented structure, which was not a staple article of commerce suitable for substantial non-infringing use." The court summarily dis-

[1] It found: "Mackie-Duluk was a substantial and enlightened step, filling a long-felt want, in a field in which defendants have produced, with one exception [*i.e.* a patent to one Ackermans discussed at length and distinguished] only paper patents, the most emphasized being foreign, which did not even purport to do what Mackie-Duluk accomplished."

posed of the issue of infringement insofar as unlicensed Ford Motor Co. cars were concerned by finding that there was no substantial non-infringing use for fabric tops specially made by the defendants for the cars of that manufacturer having the Mackie-Duluk top structure, which fabrics, it said, " . . . are admittedly purposely designed for, and advertised for, Mackie-Duluk tops." The court gave more extended consideration to the question dispositive of the issue with respect to infringement by replacing the fabric part of convertible tops on licensed General Motors Corp. cars, *i.e.* whether such replacement constituted mere repair or major reconstruction.

Finding that replacing the fabric tops on cars of that manufacturer was "not permissive repair" the court entered an interlocutory judgment that the Mackie-Duluk patent was good and valid in law as to its claims 3, 4, 5, 7, 8, 9 and 10, that the defendants had infringed or contributorily infringed those claims with respect to both Ford and General Motors cars, that the defendants be enjoined from further infringement and that the question of the plaintiff's damages be referred to a master, with costs to the plaintiff.

On appeal this court affirmed, 270 F.2d 200 (1959).

We took the validity of the Mackie-Duluk patent for granted for the reason that the issue of its validity had hardly been argued at all and because we were not even sure that all the evidence on that issue had been included in the parties' joint record appendix. Our attention at that time was directed primarily to the basic question argued before us by the appellants, that is, to the question whether replacing the fabric portion of the patented tops for convertible automobiles constituted a permissible repair of the patented structure or an impermissible reconstruction of it, upon the answer to which the issue of contributory infringement with respect to licensed General

Motors cars depended. We did not specifically consider infringement with respect to unlicensed Ford Motor Co. cars for that question was not greatly stressed and we were convinced from the evidence that the court below was clearly correct in its conclusion that the defendants' custom made tops specifically designed and advertised for those cars constituted "a material part of the invention" and were not "a staple article of commerce suitable for substantial non-infringing use" within the meaning of 35 U.S.C. § 271(c). Nor did we specifically consider any question of possible patent misuse by the plaintiff-appellee, for, although the defendants-appellants argued patent misuse orally and in their brief, their statement of the questions involved pursuant to Rule 24(3)(b) of this court quoted in the margin [2] did not set forth or necessarily suggest any such question. Moreover, no issue of patent misuse was presented by the pleadings insofar as printed in the parties' joint record appendix on that appeal. Allegations of misuse in the defendants' answer, and an allegation of misuse in their counterclaim were omitted from their answer and counterclaim as printed in the joint record appendix then before this court. Only now has Aro's counsel supplied those omitted allegations. He has included the heretofore omitted allegations of patent misuse as made in his answer in his record appendix as counsel for the appellees in No. 5991 and his allegation of misuse in his counterclaim in his record appendix as counsel for the appellants in No. 5993.

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[2] "The brief of the appellant or petitioner shall contain the following matter . . .

* * *

"(b) A statement of the questions involved, setting forth each question separately, in the briefest and most general terms, without names, dates, amounts or particulars of any kind. Ordinarily no point will be considered which is not set forth in or necessarily suggested by the statement of questions involved."

The Supreme Court granted certiorari allowing the United States to file a brief as *amicus curiae* in support of the petition, 362 U.S. 902 (1960). It denied a motion of the American Patent Law Association for leave to file a brief as *amicus curiae*, 364 U.S. 806 (1960), and reversed, *Aro Manufacturing Co., Inc., et al.* v. *Convertible Top Replacement Co., Inc.*, 365 U.S. 336 (1961), petition for rehearing or alternative motion for amendment or clarification of opinion denied, 365 U.S. 890 (1961), and remanded the case to the court below for further proceedings in conformity with its opinion. The judgment from which the present appeals have been taken was entered in an attempt to carry out that mandate. To see whether it has succeeded we turn to the Supreme Court's opinion.

The opinion of the Court written by Mr. Justice Whittaker, after summarizing the facts, notes at page 338 that the validity of the patent was not challenged. The opinion then continues:

> "The principal, and we think the determinative, question presented here is whether the owner of a combination patent, comprised entirely of unpatented elements, has a patent monopoly on the manufacture, sale or use of the several unpatented components of the patented combination. More specifically, and limited to the particular case here, does the car owner infringe (and the supplier contributorily infringe) the combination patent when he replaces the spent fabric without the patentee's consent?"

The Court then went on to point out, page 339, that the fabric portion of the tops was an unpatented element of the combination patent because: "The patent makes no claim to invention based on the fabric or on its shape, pattern or design." Wherefore the Court said it was immaterial whether the shape of the fabric might have been patentable. From the foregoing the Court on the next

page of its opinion said: "It follows that petitioners' [Aro's] manufacture and sale of the fabric is not a *direct* infringement under 35 U.S.C. § 271(a)," but that the question remained whether such manufacture and sale constituted "a *contributory* infringement of the patent under 35 U.S.C. § 271(c)." Whether it did or not the Court said on page 341 depended upon whether "replacement by the purchaser himself would in itself constitute a *direct* infringement under § 271(a), for it is settled that if there is no *direct* infringement of a patent there can be no *contributory* infringement." Then on page 342, saying that § 271(a) "left intact the entire body of case law on direct infringement," the Court posed the ultimate question before it as follows:

> "The determinative question, therefore, comes down to whether the car owner would infringe the combination patent by replacing the worn-out fabric element of the patented convertible top on his car, or even more specifically, whether such a replacement by the car owner is infringing 'reconstruction' or permissible 'repair.'"

The Court summarized its answer to this question on page 346 in the folfowing words:

> "The decisions of this Court require the conclusion that reconstruction of a patented entity, comprised of unpatented elements, is limited to such a true reconstruction of the entity as to 'in fact make a new article,' *United States* v. *Aluminum Co. of America*, *supra*, at 425, after the entity, viewed as a whole, has become spent. In order to call the monopoly, conferred by the patent grant, into play for a second time, it must, indeed, be a second creation of the patented entity, as, for example, in *Cotton-Tie Co.* v. *Simmons*, *supra*. Mere replacement of individual unpatented parts, one at a time, whether of the same

part repeatedly or different parts successively, is no more than the lawful right of the owner to repair his property. Measured by this test, the replacement of the fabric involved in this case must be characterized as permissible 'repair,' not 'reconstruction.'"

It is clear from the foregoing quotations from the opinion of the Court that the attention of the four justices who joined in that opinion was focused on the question of reconstruction versus repair which underlies the question of contributory infringement with respect to replacement tops for licensed General Motors cars but not for unlicensed Ford cars. And the same may be said of the opinions of the concurring and dissenting justices. The only suggestion that other considerations underlie the question of infringement by replacing the fabric portions of tops on unlicensed Ford cars is to be found in the final sentence of Mr. Justice Brennan's concurring opinion (p. 368) which reads: "I, therefore, think that the judgment of the Court of Appeals must be reversed, except, however, as to the relief granted respondent in respect of the replacements made on Ford cars before July 21, 1955."[3]

The puzzling question is whether the Supreme Court in reversing this court intended to reverse *in toto* or only to reverse insofar as replacement tops for General Motors cars were concerned.

What the Court said in its opinion gives us little help. What it did not say, however, seems to us to indicate that it was not deciding the question of contributory infringement with respect to unlicensed Ford cars.

In the first place this would seem to be the interpretation placed upon the Court's opinion by Mr. Justice Brennan. Otherwise he would not have concurred generally but

[3] The date mentioned is the date of a release and license granted to Ford Motor Co. by C.T.R.'s assignor. It may be that under that document the critical date is December 31, 1955.

would have concurred only in part and dissented in part. We think he must have meant to suggest only that the Court be more specific.

In the second place, neither in the opinion of the Court nor in the opinions of the concurring justices is any mention made of the basic rule established in many cases which, the Court said, was "left intact" by § 271(a), that not only is the manufacturer of an infringing article an infringer but so also is a user of an infringing structure or device, for the monopoly conveyed by a patent covers the right to make, sell and use.[4] Therefore, a purchaser of an infringing Ford car is himself an infringer and as an infringer he cannot legally replace any part of his top, for by the purchase of his car he obtained no license to use the patented structure, even less to repair it.[5] And one who supplies the infringing purchaser-user-repairer with a component of the patented top constituting a material part of the invention (certainly the fabric portion of the top cut or shaped in the only way it could possibly function in the combination is a material part of the Mackie-Duluk invention) knowing the same to be especially made or

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[4] See *Birdsell* v. *Shaliol*, 112 U.S. 485 (1884); *Sanitary Refrigerator Co.* v. *Winters*, 280 U.S. 30 (1929) (infringement by both the manufacturer (Dent Hardware Co.) and user (Sanitary Refrigerator Co.) of the patented product); and see *General Talking Pictures Corp.* v. *Western Electric Co.*, 305 U.S. 124, 127 (1938), where it is said: "Pictures Corporation . . . is in no better position than if it had manufactured the amplifiers itself without a license. It is liable because it has used the invention without license to do so."

[5] On the necessity for an implied license to repair, see *Thomson-Houston Electric Co.* v. *Ohio Brass Co.*, 80 Fed. 712, 723 (C.A. 6, 1897); *Union Special Machine Co.* v. *Maimin*, 161 Fed. 748, 750 (C.C.Pa., 1908), *affirmed* 165 Fed. 440 (C.A. 3); *National Brake & Electric Co.* v. *Christensen*, 38 F.2d 721, 723 (C.A. 7, 1930); *Remington Rand Business Service, Inc.* v. *Acme Card System Co.*, 71 F.2d 628, 630 (C.A. 4, 1934); *Electric Auto-Lite Co.* v. *P. & D. Mfg. Co.*, 109 F.2d 566, 567 (C.A. 2, 1940); and *Ruth* v. *Stearns-Roger Mfg. Co.*, 13 F.Supp. 697, 712-13 (D.Colo. 1935); Cf. Deller's Ed. of Walker on Patents, Sec. 379, at pp. 1486-87.

especially adapted for use in an infringement (Aro admittedly designed, made and advertised replacement tops for unlicensed Ford cars) and not, as the District Court originally found and this court agreed, a staple article suitable for a substantial non-infringing use, is a contributory infringer under Title 35 U.S.C. § 271(c) quoted in the margin.[6]

Since none of the foregoing matters relevant to replacement tops for unlicensed Ford cars was mentioned or, except for Mr. Justice Brennan, even suggested, we can hardly assume any decision with respect to them.[7] The Court's silence seems significant. We cannot lightly assume that the Court would *sub silentio* overrule a very substantial body of authority on direct infringement, which it specifically said remained "intact," and then construe § 271(c) in such a way as practically to leave it a dead letter. We therefore conclude that our previous decision

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[6] "(c) Whoever sells a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer."

[7] In further support of the view that the attention of the members of the Court was concentrated on the situation with respect to licensed General Motors cars, we note that apart from Mr. Justice Brennan's express reference to a distinction between Ford and General Motors top replacements there are indications in the opinion of the Court that the licensed-unlicensed distinction was recognized and only the licensed situation considered. Among these "clues" in Mr. Justice Whittaker's opinion are his statement at p. 344 that the patent licensee's, C.T.R.'s, contention would involve a "new license" and "another royalty" and his conclusion at p. 345 "that a license to use a patented combination includes the right" to repair. In his concurring opinion, Mr. Justice Black must have had the licensed situation in mind in asserting, at p. 360, that "one royalty to one patentee for one sale is enough. . . ." And Mr. Justice Harlan, in his dissenting opinion, states at p. 369, "The underlying rationale of the rule is of course that the owner's *license to use* the device carries with it an *implied license* to keep it fit for the use for which it was intended." (Emphasis added.)

in this case was not reversed insofar as unlicensed Ford cars are concerned. To carry out the Supreme Court's mandate we think the court below should enter a judgment that the Mackie-Duluk patent is valid as to the claims enumerated and contributorily infringed with respect to replacement tops for unlicensed Ford cars.

We come now to Aro's contention as appellant in No. 5993 that it is entitled to a decree that the plaintiff below, C.T.R., violated the antitrust laws and thereby rendered itself liable to three times the damages, including counsel fees, which Aro may be able to establish in further proceedings. The short answer to this contention is that Aro has never pleaded a cause of action under the antitrust laws.

It alleged patent misuse in its answer to the complaint. But it did not print those allegations in the joint record appendix before us on the previous appeal nor, in its brief on that appeal, did it mention patent misuse in its statement of the questions involved. Patent misuse as a defense was clearly abandoned.[8] Now counsel for Aro as appellant in No. 5993 seeks not only to revive that abandoned defense but also by some subtle legal alchemy to transform it into a positive claim for triple damages and counsel fees under the antitrust laws. We are not aware of any basis or authority for such a metamorphosis. So much for the allegations of patent misuse in the defendants' answer.

But in addition to the allegations in its answer, Aro alleged in its counterclaim: "That this court find and enter a decree herein that said Patent No. 2,569,724 has been misused." And this its counsel argues is a sufficient allegation of a cause of action under the antitrust laws because, he says, the record shows that Aro is entitled to

[8] The Supreme Court in a footnote at page 344 of its opinion said that the doctrine of patent misuse was "not an issue in this case."

damages for violation of those laws, and Rule 54(c) of the Federal Rules of Civil Procedure provides: " . . . every final judgment shall grant the relief to which the party in whose favor it is rendered is entitled, even if the party has not demanded such relief in his pleadings."

Even if we assume that the allegation of patent misuse in Aro's counterclaim has somehow survived to this stage of the litigation, the Rule quoted from above does not authorize a grant of the relief requested. That Rule should be liberally construed to grant a prevailing party substantial justice. But it is not to be so liberally construed as to conflict with the requirement of Rule 8(a) that a pleading which sets forth a claim for relief, whether on original claim or a counterclaim, shall contain a short and plain statement of the claim showing that the pleader is entitled to relief and a demand for judgment for the relief to which he deems himself entitled. There is no merit whatever in this appeal.

*A judgment will be entered vacating the judgment of the District Court and remanding the case to that Court for entry of a judgment in conformity with the views expressed in this opinion.*

## Appendix B

### § 271. Infringement of patent

(a) Except as otherwise provided in this title, whoever without authority makes, uses or sells any patented invention, within the United States during the term of the patent therefor, infringes the patent.

(b) Whoever actively induces infringement of a patent shall be liable as an infringer.

(c) Whoever sells a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such product, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.

(d) No patent owner otherwise entitled to relief for infringement or contributory infringement of a patent shall be denied relief or deemed guilty of misuse or illegal extension of the patent right by reason of his having done one or more of the following: (1) derived revenue from acts which if performed by another without his consent would constitute contributory infringement of the patent; (2) licensed or authorized another to perform acts which if performed without his consent would constitute contributory infringement of the patent; (3) sought to enforce his patent rights against infringement or contributory infringement. 35 U.S.C. § 271.

### § 112. Specification

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms

as to enable any person skilled in the art to which it pertains, or with which it is most clearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, material, or acts in support thereof, and such claim shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof. 35 U.S.C. § 112.

**§ 282. Presumption of validity; defenses**

A patent shall be presumed valid. The burden of establishing invalidity of the patent shall rest on a party asserting it.

The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded:

(1) Noninfringement, absence of liability for infringement, or unenforceability,

(2) Invalidity of the patent or any claim in suit on any ground specified in part II of this title as a condition of patentability,

(3) Invalidity of the patent or any claim in suit for failure to comply with any requirement of sections 112 or 251 of this title,

(4) Any other fact or act made a defense by this title.

# ANTITRUST LAWS

## Sherman Act

Sec. 1. Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations, is hereby declared to be illegal . . . 69 Stat. 282, 15 U.S.C. § 1.

Sec. 2. Every person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons, to monopolize any part of the trade or commerce among the several States, or with foreign nations, shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding fifty thousand dollars, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court. 69 Stat. 282, 15 U.S.C. § 2.

Sec. 3. Every contract, combination in form of trust or otherwise, or conspiracy, in restraint of trade or commerce in any Territory of the United States or of the District of Columbia, or in restraint of trade or commerce between any such Territory and another, or between any such Territory or Territories and any State or States or the District of Columbia, or with foreign nations, or between the District of Columbia and any State or States or foreign nations, is hereby declared illegal . . . 69 Stat. 282, 15 U.S.C. § 3.

Sec. 8. That the word "person", or "persons", wherever used in this act shall be deemed to include corporations and associations existing under or authorized by the laws of either the United States, the laws of any of the Territories, the laws of any State, or the laws of any foreign country. 26 Stat. 210, 15 U.S.C. § 7.

## Clayton Act

Sec. 3. That it shall be unlawful for any person engaged in commerce, in the course of such commerce, to lease or make a sale or contract for sale of goods, wares, merchandise, machinery, supplies or other commodities, whether patented or unpatented, for use, consumption, or resale within the United States or any Territory thereof or the District of Columbia or any insular possession or other place under the jurisdiction of the United States, or fix a price charged therefor, or discount from, or rebate upon, such price, on the condition, agreement, or understanding that the lessee or purchaser thereof shall not use or deal in the goods, wares, merchandise, machinery, supplies, or other commodity of a competitor or competitors of the lessor or seller, where the effect of such lease, sale, or contract for sale or such condition, agreement, or understanding may be to substantially lessen competition or tend to create a monopoly in any line of commerce. 38 Stat. 731, 15 U.S.C. § 14.

Sec. 4. That any person who shall be injured in his business or property by reason of anything forbidden in the antitrust laws may sue therefor in any district court of the United States in the district in which the defendant resides or is found or has an agent, without respect to the amount in controversy, and shall recover threefold the damages by him sustained, and the cost of suit, including a reasonable attorney's fee. 38 Stat. 731, 15 U.S.C. § 15.

Sec. 7. . . . [N]o corporation engaged in commerce shall acquire . . . any part of the assets of another corporation engaged also in commerce, where in any line of commerce in any section of the country, the effect of such acquisition may be substantially to lessen competition, or to tend to create a monopoly. . . . 64 Stat. 1125, 15 U.S.C. § 18.